

Any foreign mark holder that elects not to register in the U.S. takes a substantial risk under the terms of the Lanham Act as written. If another bona fide U.S. user registers the mark first, that registration becomes "prima facie evidence" of "ownership of the mark" and "exclusive right[s] to use" it in the U.S. 15 U.S.C. § 1115(a). The Act states that a registration conferring exclusive rights can be cancelled, but only if a challenger establishes: (1) a statutory ground for canceling that registration under Section 14 of the Lanham Act or (2) that the registration should never have issued under Section 2. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) (validity of registered mark is determined by language of Section 14); *Young v. AGB Corp.*, 152 F.3d 1377, 1380 (Fed. Cir. 1998) (cancellation may be granted only on bases in Section 14 or "a 'statutory ground which negates the appellant's right to the subject registration'" under Section 2) (citation omitted).

- Nothing in Sections 14, 2 or any other portion of the Lanham Act states that a foreign firm that has never owned a mark in the U.S. may cancel another's good faith registration or completely enjoin its good faith use of the mark.

Both the U.S. and Cuba have signed international treaties related to the protection of intellectual property rights, including the Paris Convention for the Protection of Industrial Property, 21 U.S.T. 1583 (1970) ("Paris Convention"), and the General Inter-American Convention for Trademark and Commercial Protection, 46 Stat. 2907 (1930) ("IAC"). Congress modified the Lanham Act in the manner it deemed necessary to implement these treaties. *Havana Club Holding, S.A. v. Galleon, S.A.*, 203 F.3d 116, 128 (2d Cir.), cert. denied, 531 U.S. 918 (2000). Section 44(b) of the Lanham Act expressly provides that a treaty national is only entitled to "the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention ... in addition to

the rights to which any owner of a mark is otherwise entitled by this chapter." 15 U.S.C. § 1126(b) (emphasis added).³

The terms of the Act accordingly cast substantial doubt on Petitioner's assertion, throughout this litigation, that the fame of a foreign mark establishes ownership of exclusive rights to the mark in the U.S., by operation of law, even without use or registration in this country.⁴ The Second Circuit nevertheless found that it was unnecessary to decide this question, and assumed that the Paris Convention could create an independent basis for a foreign owner of a famous mark to obtain U.S. trademark rights. Even under the terms of the Lanham Act as written, however, there were ample opportunities for Petitioner to obtain and protect trademark rights in the U.S. Foreign mark owners can acquire exclusive U.S. rights to a mark by being the first to register the mark in the U.S., with a bona fide intent to use

³ The legislative history confirms that the Lanham Act codifies all U.S. obligations under the treaties. See, e.g., *Hearings on H.R. 9041 Before the H. Comm. on Patents*, 75th Cong. 164 (1938) ("Lanham Act Hearings") (statement of Edward Rogers) ("[E]verything that we are obligated to do in our [treaties] is included in [§ 44]."). A principal author of the Lanham Act testified during the legislative proceedings that the U.S. could satisfy its obligations under the Paris Convention and the IAC by extending protection to foreign marks that are "registered" or "used" in this country. *Id.*

⁴ Under the Lanham Act, registration establishes a presumption of "ownership of" and "exclusive right to use" the mark. 15 U.S.C. § 1115(a); see also *id.* § 1115(b) (incontestable registration is "conclusive evidence" of ownership and right to exclusive use). The Federal Circuit held that fame is not a basis for registration in the U.S., *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1580 (Fed. Cir. 1990), which necessarily suggests that fame cannot confer "ownership" or the "exclusive right to use." See also *Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 363 (4th Cir. 2003) (holding that foreign owner of famous mark had to establish use in commerce with the U.S. to acquire rights under the Lanham Act—which Cubatabaco did not allege because the Embargo prohibits sales to U.S. citizens even outside the U.S.), *cert. denied*, 540 U.S. (2004).

it here. 15 U.S.C. § 1126 (d)-(e). If a foreign owner applies for a registration in the U.S. within six months of its foreign registration, it can obtain priority over all other U.S. users from the date of its foreign registration. *Id.* § 1126(d). The Embargo expressly permits such registration by Cuban nationals. Non-embargoed entities may also acquire rights to a mark simply by using it here before someone else does. *Id.* § 1052(d). And even if a foreign mark owner has never used or registered its mark in the U.S., it may still protect against the *bad faith* use of the mark here. *Id.* §§ 1052, 1127 (requiring “bona fide use” of mark to support registration); *id.* § 1064 (requiring cancellation for “misrepresent[ation of] source”); *see also Person's*, 900 F.2d at 1569-70 (bad faith adoption or use of mark may constitute grounds for cancellation in certain circumstances).

Cubatabaco availed itself of *none* of these options. It did not register the COHIBA mark in the U.S. before General Cigar registered and began good faith use. The Second Circuit found that Petitioner did not prove *any* express statutory ground for canceling General Cigar’s registration. Both the district court and the Second Circuit held that General Cigar did not adopt or use the mark in bad faith. Pet. App. 47a, 209a-213a.

Factual Background. The Cuban COHIBA was a post-revolutionary cigar brand originally created for Fidel Castro’s personal use.⁵ Second Cir. Appendix (“C.A. App.”) 40. General Cigar learned about it in the late 1970s. Pet. App. 7a. With the understanding that the mark had never

⁵ The COHIBA mark was never owned by an individual Cuban. By contrast, the pre-revolutionary trademarks were—until the Communist regime in Cuba confiscated them. U.S. cigar companies, including General Cigar, purchased the U.S. rights for many of these trademarks from their former owners and used them on cigars sold here, even while Cubatabaco used them on Cuban cigars sold elsewhere. The resulting parallel branding is well-known to U.S. consumers. Second Circuit Appendix (“C.A. App.”) 1944, 2382-83.

been used in the U.S., General Cigar applied to register it with the U.S. Patent and Trademark Office ("PTO") in 1978, *id.*,⁶ and has been selling COHIBA brand cigars in the U.S. ever since. For a brief 5-year period beginning in 1987, General Cigar suspended sales in response to a serious decline in demand for upscale cigars. Pet. App. 7a-8a; C.A. App. 268-69. But General Cigar always intended to resume use of the COHIBA mark, and actually did so in 1992. C.A. App. 268-69; *see also* Pet. App. 8a. In order to eliminate any risk of a claim of abandonment, General Cigar reregistered the mark in 1992 when it resumed sales of COHIBA cigars. Pet. App. 8a; C.A. App. 3196.

Cubatabaco, by contrast, never even tried to register the COHIBA mark in the U.S. until 1997. Pet. App. 7a, 9a. It registered the COHIBA mark in Cuba in 1969, and by 1978 had applied to register in 17 other countries, including virtually every nation of Western Europe. Pet. App. 7a. It could have registered the mark during the 9-year period preceding General Cigar's registration, despite the Embargo, *see* 31 C.F.R. § 515.527; this would have given it automatic priority under the Lanham Act. Cubatabaco took advantage of this process, filing at least 19 other registrations *in the U.S.*, including a registration for the Cuban COHIBA trade dress with another word mark (BEHIQUE). Pet. App. 7a; C.A. App. 3613.

Proceedings In The District Court. General Cigar's use and registration of COHIBA went unchallenged for nearly 20 years, until 1997, when Cubatabaco finally applied to register the mark in the U.S. and filed the complaint in this action. Pet. App. 9a. Cubatabaco sought, among other things, to cancel General Cigar's registrations and permanently enjoin General Cigar from using the mark. *Id.*

⁶ The registration issued in 1981, and in June 1986 the PTO determined that the mark had become "incontestable." C.A. App. 2121-22; *see* 15 U.S.C. § 1065.

at 10a. It asserted claims based on Sections 43 and 44 of the Lanham Act, international treaties, and state common law. *Id.* at 9a-10a. Cubatabaco's Section 43 claims originally included both infringement and false advertising claims, but before trial it voluntarily dismissed the false advertising claims. *Id.* at 10a.⁷

The district court granted Cubatabaco's motion for partial summary judgment, finding that General Cigar had abandoned its first registration when it temporarily stopped selling COHIBA cigars between 1987 and 1992. Pet. App. 11a. The court concluded that the evidence of General Cigar's intent to resume use of the mark when market conditions improved was insufficient to overcome abandonment under Second Circuit precedent, which it said required General Cigar to "come forward with objective, hard evidence of actual 'concrete plans to resume use' in the 'reasonably foreseeable future'" when the market conditions improved. *Empresa Cubana del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 268 (S.D.N.Y. 2002) (citation omitted).

The court held a bench trial where the primary issue was whether Cubatabaco had acquired ownership of the COHIBA mark in the U.S. before General Cigar filed its second registration. Pet. App. 12a, 123a. Employing an unprecedented interpretation of the rarely invoked "famous marks doctrine," the trial judge held that even though Cubatabaco had neither registered nor used the COHIBA mark in the U.S., it had acquired ownership of the mark here. Pet. App. 12a, 199a-200a. The court found that COHIBA was virtually unknown in the U.S. in December 1991; it nonetheless concluded that references to COHIBA in a single issue of a new U.S. magazine introduced in

⁷ Claims Seven, Eight, and Nine of the Complaint were the only Section 43(a) claims. See C.A. App. 50-51. Claim Seven was an infringement claim; Claims Eight and Nine were false advertising claims. *Id.* Cubatabaco voluntarily dismissed Claims Eight and Nine. Pet. App. 10a.

September 1992 made the mark sufficiently famous before General Cigar launched a new COHIBA cigar two months later to give Cubatabaco priority ownership of the mark here. Pet. App. 195a-196a; *see also id.* at 220a (Cuban COHIBA "relative[ly] obscur[e]" in January 1992).

The district court did *not* find that General Cigar's 1992 registration failed to satisfy any of the statutory prerequisites for registration or that any statutory ground for cancellation set forth in Section 14 had been satisfied. In fact, both courts below concluded that General Cigar adopted and used the COHIBA mark in the good faith belief that it owned the mark. Pet. App. 47a, 209a-213a. The district court nevertheless granted Cubatabaco's claim for trademark infringement; ordered cancellation of General Cigar's registration; and permanently enjoined General Cigar from all use of the COHIBA word mark in connection with any product or service. Pet. App. 15a; C.A. App. 2675-76.

Proceedings On Appeal. On appeal, General Cigar argued, among other things, that (1) it did not abandon its 1978 registration; (2) the famous marks doctrine did not provide a basis to cancel General Cigar's second registration; (3) the Embargo barred Cubatabaco from acquiring trademark rights in the U.S. by any means other than registration; and (4) Cubatabaco's failure to assert its rights prior to 1997 barred its claims as a matter of equity. Pet. App. 16a. The Second Circuit invited the Department of the Treasury and the Solicitor General to submit their views on whether Cubatabaco's acquisition of the COHIBA mark under the famous marks doctrine was prohibited by the Embargo. Pet. App. 17a. The government responded with the *amicus* letter brief upon which the Petition relies. Pet. App. 51a-75a.

1. *The Embargo Regulations.* The government concluded that "Cubatabaco's acquisition of the United States rights to the COHIBA mark through the famous

marks doctrine, as found by the district court, was a transfer by operation of law that is prohibited by the [Embargo] Regulations," Pet. App. 61a, and therefore the district court's finding of trademark infringement under Section 43(a) had to be reversed. Although the Petition claims that the Second Circuit "rejected the Executive's construction of the [CACR]," Pet. at 6, the Second Circuit in fact adopted the government's view. Pet. App. 18a-19a.

Based on the language of the CACR, including the broad prohibition on transfers of any property right, including transfers by operation of law, the government concluded that Cubatabaco's acquisition of the U.S. rights to the COHIBA mark through the famous marks doctrine "created or vested a property right in Cubatabaco, and was therefore prohibited absent a general or specific license." Pet. App. 62a. The Second Circuit agreed. Pet. App. 22a. The Petition notwithstanding (Pet. at 7, 19), the Second Circuit and the government also agreed that there is no general or specific license that would allow Cubatabaco to acquire the COHIBA mark through the famous marks doctrine. Pet. App. 65a, 67a, 27a, 28a.

2. *The Lanham Act.* Where the Second Circuit and the government differed was not on the CACR, but on the Lanham Act—a statute that the Treasury Department is not charged with administering. Cubatabaco itself characterized the Government's argument as a "construction of the Lanham Act" (Cubatabaco Response to U.S. Amicus Letter at 14 (Dec. 3, 2004) ("Cuba Letter Brief"); see also *id.* at 7), and the Second Circuit agreed. See Pet. App. 31a. The government conceded that the district court's infringement finding had to be reversed. Pet. App. 61a. It suggested, however, that under some circumstances Section 43(a) might authorize cancellation and an injunction against all use of a mark even if the plaintiff does not own the mark. Pet. App. 70a-71a. This was, of course, never presented to the district court. Nevertheless, the

government opined that it might entitle Cubatabaco to relief, if the Second Circuit affirmed all of the district court's factual findings (which it never had occasion to do). Pet. App. 72a.

The Second Circuit properly disagreed with the government's Lanham Act argument, to which it owed no deference. It recognized that in some circumstances, Section 43(a) might allow a plaintiff who did not own the mark to bring a claim for unfair competition. Pet. App. 32a. It concluded, however, that no such theory applied here, because Cuabtabaco's claim "turn[ed] on the right to use the COHIBA mark." Pet. App. 32a. Because Cubatabaco never used or acquired ownership of the mark before General Cigar used and registered it in this country, the Second Circuit held that General Cigar owns the COHIBA mark in the U.S. and has the right to use it here as it has done for almost 27 years; and Cubatabaco cannot prevent General Cigar from using its registered mark under Section 43(a) as a matter of law. Pet. App. 33a-34a. "To allow Cubatabaco to prevail on a claim of unfair competition against General Cigar and to obtain an injunction prohibiting General Cigar from using the mark would turn the law of trademark on its head. None of United States law, the facts in this case, or international treaties warrants such acrobatics in this case." Pet. App. 34a.

3. *The Paris Convention.* Cubatabaco strains to suggest that the government accepted its view that Article 6bis of the Paris Convention somehow provides an extrastatutory basis for canceling General Cigar's registration. Pet. App. 35a. Cubatabaco characterizes the government's *amicus* letter as concluding that "the United States is 'required' by Article 6bis to grant cancellation and injunctive relief on the facts found by the district court," Pet. at 5 (emphasis added by Petitioner); see also *id.* at 21. In fact, the government never claimed that 6bis itself confers any freestanding rights, arguing only that 6bis

bolstered its unprecedented interpretation of Section 43(a). In part 3 of its letter, the government *rejected* Cubatabaco's argument that Article 6bis vested it with rights under the famous marks doctrine, explaining that Article 6bis "*does not require* that the holder of a 'famous' mark automatically acquire the trademark rights in the host country." Pet. App. 66a (emphasis added). And in part 5, the section in which the government opined that the relief ordered by the district court might be affirmed on a non-trademark infringement theory under Section 43(a), the government conspicuously refrained from saying that Article 6bis would *require* relief independent of the Lanham Act. Quite the contrary: the government argued that 6bis should not be construed to confer rights that would go beyond "the text of the Lanham Act," because the Act "carr[ies] out by statute our international commitments." Pet. App. 72a (citation omitted).

The Petition's claim that the Second Circuit "found *implicit* treaty abrogation" with respect to 6bis (Pet. at 8) is also wrong. The Second Circuit reached two independent, alternative conclusions. First, it assumed without deciding that "Cubatabaco may be correct that Sections 44(b) and (h) [of the Lanham Act] incorporate Article 6bis and allow foreign entities to *acquire U.S. trademark rights* in the United States if their marks are sufficiently famous in the United States before they are used in this country." Pet. App. 37a (emphasis added). However, the Court never reached this question because it (like the government) had already concluded that the Embargo prevents Cubatabaco from acquiring U.S. trademark rights based on the fame of the mark. Pet. App. 38a. It held that Article 6bis and Section 44(b) and (h) of the Lanham Act do not "require cancellation of General Cigar's properly registered trademark or an injunction against its use of the mark in the United States under these circumstances," *i.e.*, where Cubatabaco never acquired the U.S. rights to the mark and

General Cigar has been the duly, "properly," registered owner and good faith user for nearly 30 years. *Id.*

Second and alternatively, the Second Circuit stated that if the Paris Convention posed an irreconcilable conflict with the Embargo—a *finding it did not make*—then the Embargo would control. *Id.* The most recent revision of the Paris Convention was in 1973, whereas Congress reaffirmed and codified the Embargo Regulations in 1996 in the LIBERTAD Act. Pet. App. 38a-39a. This alternative holding does not contradict any of the government's positions. Contrary to Cubatabaco's suggestion (Pet. at 8, 16, 22), the government never stated that Article 6bis "obligations continue in effect" after the passage of the LIBERTAD Act notwithstanding any conflict between the Embargo and 6bis. The government never discussed whether the LIBERTAD Act would trump 6bis in the event of a conflict because the government's interpretation of the *Lanham Act* would not implicate any such conflict.

4. *Additional Issues.* In light of the Second Circuit's ruling on the Embargo, that Court did not decide several issues General Cigar raised on appeal that would also have required reversing the district court's infringement ruling. For example, it did not decide whether the district court properly concluded that General Cigar abandoned its first registration. However, the Second Circuit strongly implied that the abandonment ruling was wrong, noting that the district court imposed a higher burden on General Cigar to overcome the presumption of abandonment from a period of nonuse than governing precedent actually required. Pet. App. 11a n.2. If the abandonment ruling were reversed, the issues raised in the Petition would be moot, because General Cigar would be the duly registered owner and user of the COHIBA mark in the U.S. long before it ever purportedly became famous here.

REASONS FOR DENYING THE WRIT

For almost 30 years, Petitioner made no effort whatsoever to register the COHIBA mark in the U.S. General Cigar, by contrast, has used the mark in good faith for a quarter century and registered it twice. Accordingly, the Second Circuit held that "General Cigar's legal right to the COHIBA mark has been established as against Cubatabaco." Pet. App. 34a. Cubatabaco petitioned for rehearing *en banc*, making the very same arguments raised in the Petition for Certiorari. See Petition for Rehearing and Rehearing *En Banc* (Mar. 24, 2005) at 6 (Panel "Disregard[ed] ... Deference Due to the Executive's Interpretation of Its Own Embargo Regulations"), 8 (Panel "Disregard[ed] ... Executive's Interpretation of U.S. Treaty Obligations"), 12 (Panel "Disregard[ed] the 'Clear Purpose' Test for Congressional Abrogation of Treaty Rights by Ignoring the U.S. Interpretation of the CACR"). But the Executive, whose prerogatives the Petition so zealously defends, did not file a brief in support of rehearing.

Certiorari should be denied. The Second Circuit's decision is not in conflict with any other court of appeals decision, and the Petition does not even attempt to demonstrate that the decision below misstated the legal standards articulated by this Court. The main issue raised in the Petition—the deference due to the Executive's interpretation of its Embargo regulations—is not even presented under a proper reading of the decision below. The Second Circuit *agreed* with the government's reading of the Embargo regulations. The Second Circuit reversed because *the Lanham Act* does not permit affirmance of an order granting an infringement remedy where Petitioner could not establish infringement and had dismissed its non-trademark infringement claims. Nor does this pure Lanham Act issue warrant review. The Second Circuit correctly held that the Act does not authorize a non-owner to enjoin a senior user's good faith use of the mark and cancel its

registration based on such good faith use. The Petition does not cite, and Respondents are unaware of, any court of appeals decision to the contrary. And Cubatabaco cannot dispute that it never acquired ownership rights in the COHIBA mark—through the operation of the famous marks doctrine or otherwise.⁸ From that premise, the Second Circuit's inevitable and correct conclusion was that Cubatabaco does not possess the right to cancel General Cigar's registration or enjoin all use of the mark.

The Petition's secondary and tertiary issues fare no better. When determining whether the LIBERTAD Act would trump the Paris Convention, *if there were any conflict* (an issue it did not reach), the Second Circuit identified and applied the correct legal standards. Its decision creates no conflict with any other circuit. Likewise, the Second Circuit's decision that the Inter-American Convention does not afford Cubatabaco an extrastatutory cause of action is not in conflict with any other court of appeals.

Finally, Cubatabaco's assertion that review is warranted because the Second Circuit's decision places the U.S. in violation of its treaty obligations is groundless. The decision below was heavily tied to the specific facts of this case—an embargoed entity that had failed to seek registration of its mark for decades, failed to prove bad faith, and failed to pursue any remedy short of total exclusion of General Cigar from use of the mark. Petitioner cites no case that would

⁸ The Petition nowhere challenges the Second Circuit's holding that "the Embargo Regulations bar Cubatabaco's acquisition of property rights in the U.S. COHIBA trademark through the famous marks doctrine," and that "Cubatabaco claims no other basis for owning the mark." Pet. App. 18a-19a. And the Petition concedes that the U.S., speaking authoritatively as to the scope of the Embargo, determined that the Embargo "bars Cubatabaco from obtaining ownership of the United States trademark for COHIBA on account of the Cuban COHIBA's renown." Pet. at 7; *id.* at 20 ("The CACR expressly bar the unlicensed acquisition of trademarks subject to U.S. jurisdiction") (emphasis omitted).

have interpreted the Paris Convention to require relief under these circumstances, and the Petition presents no issue that requires this Court's attention.

I. THIS CASE PRESENTS NO DEFERENCE ISSUE BECAUSE THE SECOND CIRCUIT DEFERRED ENTIRELY TO THE EXECUTIVE'S INTERPRETATION OF THE CACR, DISAGREEING ONLY ON CONSTRUCTION OF THE LANHAM ACT

Although Cubatabaco invites this Court to review the deference owed "to the Executive's" interpretation of "its embargo regulations," Pet. at i, this case does not present any deference issues: *the Second Circuit deferred completely to the Executive's construction of those regulations.* The government informed the Second Circuit that the Embargo prohibits Cubatabaco from acquiring rights to the COHIBA mark in the U.S. under the famous marks doctrine and therefore the district court's finding of trademark infringement under Section 43(a) of the Lanham Act had to be reversed. Pet. App. 61a. And that is exactly what the Second Circuit held. Pet. App. 18a-19a. *But see* Pet. at 2 (claiming the Second Circuit "refused to apply deference principles" to the Executive's interpretation of the Embargo Regulations); *id.* at 10 (same).⁹

Where the U.S. and the Second Circuit differed was on construction of the Lanham Act. The U.S. took the position that the Lanham Act would permit the cancellation and injunction orders even without a finding that Cubatabaco owned the mark. *See* Pet. App. 68a-74a (construing Section

⁹ The Petition strains to suggest that the Second Circuit found the government's construction of the Embargo "inconsistent." *See* Pet. at 10, 19-21. In fact, the Second Circuit embraced the government's view of the Embargo, disagreeing only as to the Lanham Act. Thus, *National Cable & Telecommunications Association v. Brand X Internet Services*, 125 S. Ct. 2688 (2005), is immaterial and a summary reversal would be inappropriate.

43(a) of the Lanham Act). The Second Circuit disagreed, holding that allowing such relief on these facts “would turn the law of trademark on its head.” Pet. App. 34a.¹⁰ And the Second Circuit was free to do so, because it owed no deference to the government’s interpretation of *the Lanham Act*.¹¹

As a simple question of Lanham Act construction, this case is not certworthy. Cubatabaco no longer argues that it can own the COHIBA mark in the U.S. It has not cited, and respondents are unaware of, *any* case in which a court of appeals has held that a non-owner of a trademark may secure cancellation and a bar on all use of a mark by a party who has registered the mark; been found to be the priority holder of the mark; and has not acted in bad faith.

1. Cubatabaco abandoned its false advertising claims before the district court. *See supra* n.7. Accordingly, that court’s decision rested on an infringement theory, *see* Pet.

¹⁰ The Second Circuit also found, “[a]n initial matter,” that such relief “would effect a transfer of property rights to a Cuban entity in violation of the embargo.” Pet. App. 29a. That finding was correct, as explained *infra* Point II.2. But the Petition errs in characterizing it as the “sole basis for the Second Circuit’s ruling.” *See* Pet. at 17; *accord id.* at 6, 27.

¹¹ The Petition does not and cannot argue that the Government’s analysis of the Lanham Act was entitled to any deference. The PTO, the only agency authorized to enforce the Lanham Act, is empowered to manage the principal and supplemental registers. *See* 15 U.S.C. §§ 1051, 1091. The PTO’s responsibility thus reaches only whether a mark may properly be registered—but not what remedies, if any, a non-mark owner may obtain under Section 43(a). Those are questions reserved for federal courts. 15 U.S.C. § 1121 (original jurisdiction in federal district courts); *id.* § 1116 (vesting authority to issue injunctions in federal courts). And even on matters within the PTO’s competence, a court would only owe deference to its official decision—not to an informal letter brief that cites *no* PTO decision. *See Christensen v. Harris County*, 529 U.S. 576, 586-87 (2000). The U.S.’s *amicus* letter does not even *purport* to state the PTO’s authoritative views, instead opining that “it does not appear that the acquisition of a U.S. trademark by Cubatabaco is a necessary predicate for the remedies entered by the district court.” Pet. App. 68a (emphasis added).

App. 179a, and its cancellation and injunction orders rested on a determination that Cubatabaco owned the COHIBA mark in the U.S. Pet. App. 180a, 223a; *see also id.* 253a-254a. On appeal, Cubatabaco sought to defend the judgment on the ground that it owned the mark by operation of law under the famous marks doctrine. After briefing and argument, the U.S. submitted its views, and Petitioner then sought leave to advance "additional legal theories supporting affirmance." Cuba Letter Brief at 14. Petitioner did not attempt to revive its abandoned false advertising claims. Instead, it tried to shoehorn its new argument into the infringement category, labeling its claims "product infringement" or "false association." *See* Cuba Letter Brief at 8, 11. The Second Circuit exercised its discretion to consider Cubatabaco's additional theories, Pet. App. 31a, but also held that Cubatabaco had waived its non-trademark infringement false advertising claims. Pet. App. 32a-33a.

That waiver defeated Cubatabaco's legal theory, and it now defeats the Petition. The Second Circuit held that Section 43(a) reaches only two "types of 'unfair competition': (1) infringement of even unregistered marks, names and trade dress, and (2) 'false advertising.'" Pet. App. 32a (citation omitted); *see also* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 27:9 (4th ed. 2005) (1989 revisions to § 43(a) codified case law construing § 43(a) as reaching only infringement and false advertising); *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) (listing only "infringement" and "false-advertising" when considering scope of Lanham Act).¹² The Petition does not identify, and Respondents have not found, any court of appeals decision

¹² The Second Circuit properly recognized this Court's admonition in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003), that Section 43(a) "goes beyond trademark protection," but also recognized that it "can never be a federal codification of the overall law of unfair competition." *See* Pet. App. 32a (quoting *Dastar*).

to the contrary. As a matter of "construction of the Lanham Act," Pet. App. 31a (citation omitted), the Second Circuit rejected Cubatabaco's theory that Section 43(a) could reach claims other than trademark infringement and false advertising. See Pet. App. 32a. Having waived false advertising, therefore, Cubatabaco could only prevail if it could prove infringement. But because Cubatabaco could not own the COHIBA mark, it could never prove infringement.¹³

2. Moreover, even if Section 43(a) included some class of non-trademark infringement claim that Petitioner did not waive or abandon, settled law would preclude Cubatabaco from obtaining the broad relief it seeks. "The nature of common-law trademark rights in large measure determines the appropriate scope of any injunctive relief." *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 269 (4th Cir. 2003). The injunction under review barred *all* use of the COHIBA mark. Because that relief constitutes the power to exclude, which is an incident of *ownership*, it can only be justified by a showing that Cubatabaco owned the mark. Cubatabaco implicitly concedes this. The Petition itself describes the relief sought as "relief to which [Cubatabaco] ... is entitled *as the owner* of a 'well-known' foreign mark." Pet. at 22 (emphasis altered).

Construing the Lanham Act, the U.S. opined that "it does not appear that the acquisition of a U.S. trademark by Cubatabaco is a necessary predicate for the remedies issued by the district court." Pet. App. 68a. However, none of the citations proffered by the U.S. actually supported that

¹³ It is axiomatic that a party must prove it owns a trademark to claim infringement. 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §§ 1:2, 27:13 (4th ed. 2005); 4 McCarthy by Trademarks § 27:13; see also *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 291 (3d Cir.) (trademark infringement requires, among other things, proof that "the marks are owned by the plaintiff") (citation omitted), cert. denied, 502 U.S. 939 (1991).

conclusion and the Second Circuit correctly held that cancellation and injunction are products of the power "to exclude General Cigar from commercial use of the COHIBA mark in the United States." Pet. App. 29a. The Second Circuit's holding was consistent with this Court's teaching that the Lanham Act only grants a right of exclusion to trademark owners able to show infringement. *See, e.g., Coll. Sav.*, 527 U.S. at 673; *K Mart Corp. v. Cartier, Inc.*, 485 U.S. 176, 185-86 (1988) ("Trademark law ... confers private rights, which are themselves rights of exclusion. It grants *the trademark owner* a bundle of such rights ...") (emphasis added). For example, in *College Savings Bank*, this Court recognized that one prong of Section 43(a) "protect[ed] constitutionally cognizable property interests"—namely the "provisions dealing with infringement of trademarks, which are the 'property' of the owner because he can exclude others from using them." 527 U.S. at 673. By contrast, however, the "Lanham Act's false-advertising provisions ... bear no relationship to any right to exclude." *Id.*

In *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137 (2d Cir. 1997), the "Honey Brown" mark was found to be generic as to the senior user's product, barring it from owning the mark. *Id.* at 148-49. The Second Circuit nevertheless permitted the senior user to bring suit under Section 43(a) and secure a limited injunction. But, following this Court's precedent, it held that "an injunction forbidding [the junior user] from using the [mark] on its product" would be inappropriate—authorizing courts to "go only so far as to alleviate the source confusion ... and no further." *Id.* at 151 (citation omitted). The injunction under review here was not similarly narrow; it did not, for example, simply require General Cigar "to distinguish its product or to notify consumers explicitly that its product does not come

from” Cuba. *Id.* (citation omitted).¹⁴ Rather, it did what *Genesee* forbade: it prohibited all use of the mark. The Second Circuit’s holding here is fully consistent with *Genesee*’s teaching—which Cubatabaco does not even suggest conflicts with any other circuit’s decision.

3. Finally, it is difficult to imagine a circumstance in which a non-owner without priority could enjoin a mark owner with priority from *all* use of the mark, absent a showing of bad faith on the part of the senior user. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) (“[A] prior use of a trade-mark in a foreign country [does] not entitle its owner to claim exclusive trade-mark rights in the United States as against one who in good faith had adopted a like trade-mark here prior to the entry of the foreigner into this market.”); *Person’s*, 900 F.2d at 1570 (“Knowledge of a foreign use does not preclude good faith adoption and use in the United States.”). The Second Circuit has distinguished the leading famous marks doctrine case as involving “conscious fraud.” *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1042 (2d Cir. 1980). Yet here, the district court found that General Cigar acted in good faith. See Pet. App. 47a, 209a–213a. Cubatabaco did not appeal this finding and does not challenge it in the Petition.

¹⁴ Nor would such an injunction be necessary or appropriate, because General Cigar voluntarily labels its product as “Never associated with the Cuban cigar sold under the same name outside the U.S. Not made from Cuban-grown tobacco.” See General Cigar’s Response to the U.S.’s *Amicus* Letter at 7 (Dec. 6, 2004).

II. THE SECOND CIRCUIT'S HOLDING THAT THE TERMS OF THE CUBAN EMBARGO ARE PLAINLY INTENDED TO SUPERSEDE ANY CONFLICTING TREATY PROVISIONS WAS BASED ON A SETTLED AND CORRECT LEGAL STANDARD

No certworthy question arises from the Second Circuit's conclusion that *if* Article 6bis conflicts with the CACR, then the latter controls. Pet. App. 38a.¹⁵ No case of which Respondents are aware has ever held to the contrary. And the Petition concedes that the Second Circuit applied the correct legal standard. Compare Pet. at 23 (articulating "clearly expressed" standard) with Pet. App. 38a (applying "clearly contradict[s]" standard). At best, then, the "asserted error consists of ... the misapplication of a properly stated rule of law." S. Ct. R. 10. This Court found the identical argument uncertworthy the last time it was presented. See Petition for a Writ of Certiorari at 15-18, *Havana Club Holding, S.A. v. Bacardi & Co.*, No. 99-1957 (U.S. June 1, 2000). Nothing has changed.

1. Congress enacted the LIBERTAD Act in 1996 to express its intent to confine Cuban nationals to the CACR's provision for registration of intellectual property. See 22 U.S.C. § 6032(h) (1996). The most recent revision of the Paris Convention was ratified in 1973. See 24 U.S.T. 2140. The LIBERTAD Act required the President to "instruct the Secretary of the Treasury and the Attorney General to enforce fully the Cuban Assets Control Regulations" and codified "[t]he economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions under part 515 of

¹⁵ The Second Circuit, of course, never actually concluded there was a conflict, because it held that 6bis does not require cancellation in this case. Pet. App. 38a. The Court only addressed abrogation in the alternative, noting that *if* Cubatabaco were correct that 6bis entitled it to the relief ordered below, then Article 6bis would be brought into irreconcilable conflict with the LIBERTAD Act and the Act would control.

title 31, Code of Federal Regulations." 22 U.S.C. § 6032(c), (h). And the CACR imposed a comprehensive Embargo on Cuba. See 31 C.F.R. § 515.201(b)(1).¹⁶ Thus, if Article 6bis does require a cancellation and injunction order in this case, it is abrogated to that extent by the Embargo. "The duty of the courts is to construe and give effect to the latest expression of the sovereign will." *Whitney v. Robertson*, 124 U.S. 190, 195 (1888). The LIBERTAD Act constitutes the latest expression of the sovereign will. Pet. App. 38a-39a.

The rule requiring Congress to "clearly express[]" intent to abrogate a treaty, *Cook v. United States*, 288 U.S. 102, 120 (1933), does not authorize the subjective inquiry contemplated by the Petition. See, e.g., Pet. at 23-24. "Congress is not required to investigate the array of international agreements that arguably provide some protection that it wishes to annul and then assemble a check-list reciting each one. What is required is a clear expression by Congress of a purpose to override protection that a treaty would otherwise provide." *Havana Club*, 203 F.3d at 124. And *Havana Club* found that that "the LIBERTAD Act, by codifying the CACR, provides unmistakable evidence of congressional purpose" and thus satisfied the clear expression test with respect to provisions

¹⁶ The Petition theorizes that LIBERTAD, by codifying the CACR "as in effect on March 1, 1996," codified an embargo that had been limited by the 1973 revisions to the Paris Convention. Pet. at 23-24. But the 1973 revisions in no way affected the scope of the Embargo, because they did not alter Article 6bis, the only provision of the Paris Convention upon which Cubatabaco relies. Compare 13 U.S.T. 1 (1962) with 21 U.S.T. 1583 (1970) and 24 U.S.T. 2140 (1973). At a minimum, the 1973 ratification did not clearly limit the scope of the Embargo. See *United States v. Lee Yen Tai*, 185 U.S. 213, 221 (1902) (treaty will only be found to abrogate statute if such intent "appear[s] clearly and distinctly" in the text of the treaty). And in any event, the CACR accommodates U.S. obligations under Article 6bis by providing an exception to the Embargo for Cuban firms to register their intellectual property—an exception that is *textual*, rather than the product of Petitioner's imagination.

of the IAC. *Id.*; see also Pet. at 55a, 56a, 60a, 65a n.7, 72a (U.S. *amicus* letter citing *Havana Club* with approval).¹⁷

The LIBERTAD Act meticulously chronicles the rationale for the government's "consistent policy" of decades of "sanctioning the totalitarian Castro regime" by enforcing the Embargo. See Pub. L. No. 104-114, § 2(8), 110 Stat. 785, 786 (1996). The comprehensiveness of the Embargo expresses a hostility towards any recognition of property rights to Cuban nationals, outside of the CACR's specific exceptions. See *Clark v. Allen*, 331 U.S. 503, 510 (1947). The CACR is "a carefully matured enactment," whose clearly delineated prohibitions and exceptions should be respected, unlike the makeshift patchwork of provisions in *Clark* and *Guessefeldt v. McGrath*, 342 U.S. 308, 319 (1952) (cited in Pet. at 15).

2. Perhaps in recognition of these facts, the Petition retreats to its deference arguments. See, e.g., Pet. at 21-22. But (contrary to the Petition's claim at 23-24) the government never addressed whether 6bis survived the Embargo, because it believed that its interpretation of the Lanham Act reconciled the two. See Pet. App. 71a ("[T]his conclusion also harmonizes the [Lanham] Act with Article 6bis"). This was hardly a "confirm[ation] that the United States' Article 6bis obligations to Cuba remain in effect" even if they conflict with the Embargo. Pet. at 22.

Moreover, the CACR specifically forbids "any ... act ... the ... effect of which is to create ... transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property." 31 C.F.R. § 515.310 (emphasis added). The government never suggested that this strict language permits an indirect transfer of property

¹⁷ The district court in *Havana Club* implied that the same reasoning would hold true for the Paris Convention, which it observed might have allowed a transfer of trademark registration rights by a Cuban company were it not for the CACR. *Havana Club Holding, S.A. v. Galleon S.A.*, 974 F. Supp. 302, 309 n.6 (S.D.N.Y. 1997).

rights. Rather, it applied the Lanham Act to conclude that a cancellation and injunction order "gives no property right to Cubatabaco," because it affects "only the property of General Cigar." Pet. App. 60a. The Second Circuit disagreed—as it was free to do—holding that "granting Cubatabaco the injunctive relief sought would effect a transfer of property rights to a Cuban entity," to wit, "the right, privilege, and power to exclude General Cigar from using its duly registered mark." Pet. App. 29a-30a.

3. Moreover, to the extent of any conflict with Article 6bis, the LIBERTAD Act is consistent with a national security exception. The Trademark-Related Aspects of Intellectual Property Rights ("TRIPS") agreement of the World Trade Organization requires its members (including the U.S. and Cuba) to implement certain provisions of the Paris Convention. But Article 73 of TRIPS provides a blanket exclusion for actions a signatory nation "considers necessary for the protection of its essential security interest." 33 I.L.M. 81, art. 73 (1994). And Congress has expressly found that "the Cuban Government has posed and continues to pose a national security threat to the United States." 22 U.S.C. § 6021(28); *see also supra* 2 & n.1 (noting similar policy expression by Executive). While a court must find a "clear expression" before determining that a statute *abrogates* a treaty obligation, there is no comparable rule requiring Congress to clearly state its intent to *invoke* a *textual exception* to a treaty.

III. THE SECOND CIRCUIT'S CONSTRUCTION OF THE INTER-AMERICAN CONVENTION DOES NOT CONFLICT WITH ANY DECISION OF ANY CIRCUIT

Cubatabaco has failed to identify any certworthy issue in connection with the Second Circuit's conclusion that it does not have an independent cause of action under Articles 7

and 8 of the IAC.¹⁸ Pet. App. 43a. The decision does not conflict with that of any other circuit, and the government never addressed this issue in its *amicus* brief.

Cubatabacco suggests that a Trademark Trials and Appeals Board ("TTAB") decision, *British-American Tobacco Co. v. Philip Morris Inc.*, 55 U.S.P.Q.2d (BNA) 1585 (T.T.A.B. 2000), creates a split of authority warranting this Court's review. But TTAB decisions are administrative law decisions, reviewable *de novo* by either the Federal Circuit or a district court. 15 U.S.C. § 1071; e.g., *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1344 (Fed. Cir. 2001). The Federal Circuit has never decided whether the TTAB's decision on Article 8 was correct and may never do so because the TTAB ultimately rendered its decision on the merits without reaching the IAC claim. *British-American Tobacco Co. Ltd. v. Philip Morris USA, Inc.*, 2004 TTAB LEXIS 472, at *31 (T.T.A.B. Aug. 4, 2004) (unpublished opinion). No circuit other than the Second has ever addressed this issue.

Moreover, the Second Circuit's opinion here was a straightforward application of its own precedent in *Havana Club*, which this Court has already declined to review. The Court held simply that Articles 7 and 8 do not provide independent causes of action because the Lanham Act already fully implements those provisions. Pet. App. 42a-43a. This decision is fully consistent with the treaties and the manner in which Congress has chosen to execute them. Articles 7 and 8 expressly require that a foreign entity

¹⁸ The Petition notwithstanding, the Second Circuit did not hold that the Lanham Act "implicitly abrogates IAC Articles 7 and 8." Pet. at 9; see also *id.* at 11, 28. Rather, the Second Circuit held that Section 44(d) of the Lanham Act already fully embodied the requirements of Articles 7 and 8. Pet. App. 41a-43a. This holding rested on the text of the Lanham Act, not its legislative history. See *id.* But see Pet. at 11. The Second Circuit also explicitly held that, for the same reason, "Cubatabacco cannot assert claims under Articles 7 and 8 pursuant to Section 44(h)." Pet. App. 42a. The Petition simply ignores this holding. See Pet. at 29.

seeking to assert priority against a mark must "comp[ly] with the requirements established by the domestic legislation" in the country where priority is sought. *Id.* at 99a (Article 7); *id.* (Article 8) (cancellation must be "in accordance with the legal procedure of the country in which cancellation is sought"). The domestic legislation governing priority of foreign marks in this country is Section 44(d) of the Lanham Act. That section provides that a foreign entity can obtain priority in the U.S. from the date of its foreign registration as long as it files within six months of that foreign registration and states that it has a "bona fide intention to use the mark in [U.S.] commerce." 15 U.S.C. § 1126(d). Cubatabaco never established priority in accordance with Section 44(d) because it chose not to file a U.S. application within six months after it first filed in Cuba. Thus, the Second Circuit's holding that the IAC does not permit Cubatabaco to evade the consequences of its own failure to comply with the Lanham Act, Pet. App. 42a-43a, does not warrant this Court's review.

IV. THE SECOND CIRCUIT'S DECISION DOES NOT CREATE ISSUES OF EXCEPTIONAL NATIONAL IMPORTANCE WARRANTING THIS COURT'S INTERVENTION

Cubatabaco strains to create the impression that the Second Circuit's decision has somehow placed the U.S. in violation of its treaty obligations. *E.g.*, Pet. at 3 ("The Second Circuit's rulings ... place the United States in violation of its acknowledged treaty obligations ..."); *id.* at 22. Were that true, one might have expected the U.S. to join Cubatabaco's petition for rehearing *en banc*. It did not, perhaps because the decision below was narrowly confined to the particular, unique facts of this case—especially the existence of the Embargo—and cannot reasonably be construed as touching upon the nation's treaty obligations. Indeed, the Second Circuit expressly declined to address the Paris Convention issue raised in the Petition.

1. The Second Circuit went out of its way to *avoid* deciding whether (absent an embargo) Article 6bis, which requires member states to protect "well-known" marks, would afford relief to a party in Cubatabaco's position. Cubatabaco argued below that it was entitled to the relief it seeks under Article 6bis, as implemented through Sections 44(b) and (h) of the Lanham Act. Pet. App. 36a. Far from holding that Article 6bis does not afford a remedy to a foreign owner of a "famous" mark, the Second Circuit observed that "Cubatabaco *may be correct* that Sections 44(b) and (h) incorporate Article 6bis and allow foreign entities to acquire U.S. trademark rights in the United States if their marks are sufficiently famous in the United States before they are used in this country." Pet. App. 37a (emphasis added). It then refrained from deciding "that broad question here because even assuming that the famous marks doctrine is otherwise viable and applicable, the embargo bars Cubatabaco from acquiring property rights in the U.S. COHIBA mark through the doctrine." *Id.* at 38a. The court below accordingly rested this aspect of its holding squarely on the Embargo.

Nor would a holding that Cubatabaco had no remedy based on the Paris Convention (had one been made) conflict with the Executive's interpretation of U.S. treaty obligations. The government recognized that Article 6bis should not be construed to confer rights that would go beyond "the text of the Lanham Act," because the Act "carr[ies] out by statute our international commitments." Pet. App. 72a (citation omitted). The government never suggested that Article 6bis independently required the relief below. *See supra* at 10-11.

2. Even if there were circumstances under which Article 6bis might enable the foreign owner of a famous mark never used in the U.S. to obtain cancellation and an injunction against all use by a U.S. registrant, they would not apply here. Whether the treaty would protect Cuba

absent the Embargo turns on several unresolved questions of fact and law that should be decided against Cubatabaco.

a. Cubatabaco's claim under Article 6*bis* depends upon a finding that its mark was famous in the U.S. when General Cigar began using the COHIBA mark here. Because it is undisputed that the Cuban COHIBA was not famous in the U.S. before 1992 (at the earliest), Pet. App. 220a, if General Cigar did not abandon its 1978 registration, there could be no violation of the Paris Convention under any view. And the Second Circuit clearly believed that the district court's abandonment decision was wrong and would so rule if a reversal by this Court required it to address the issue. See Pet. App. 11a n.2.¹⁹

b. The Paris Convention only requires member states to accord "national treatment" to other member states, i.e., "same protection as [nationals], and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with." Paris Convention, art. 2(1), Pet. App. 94a (emphasis added); see also *id.*, art. 25(2), Pet. App. 96a ("It is understood that, at the time a country deposits its

¹⁹ The correct standard merely requires the defendant to show "an intention to resume use 'within the reasonably foreseeable future.'" Pet. App. 11a n.2 (citation omitted). The record clearly contained sufficient evidence to satisfy that standard. General Cigar witnesses testified that it temporarily stopped selling COHIBA cigars from 1987-92 in response to a serious decline in demand for premium cigars, but that it always intended to resume use when the market conditions improved and, in fact, did precisely that in 1992. *E.g.*, C.A. App. 290. In March 1987, General Cigar prepared a list of 29 trademarks it intended to abandon; this list did not include COHIBA. *Id.* at 227-28. In November 1990, General Cigar demanded that a company cease and desist use of a mark confusingly similar to COHIBA. *Id.* at 3250. And in April 1991, it asked its trademark counsel to conduct searches on international registrations of COHIBA so that it could apply to register the mark in foreign countries. Ex. 189 to Declaration of David Goldstein in Support of Plaintiff's Motion for Partial Summary Judgment (Feb. 5, 2002) (filed under seal); see also C.A. App. 1983, 2008.

instrument of ratification or accession, it will be in a position under its domestic law to give effect to the provisions of this Convention.”). And every circuit that has decided this issue agrees with the Second Circuit’s conclusion that the Convention does not confer any substantive rights beyond those provided in the Lanham Act. Pet. App. 37a, 46a; see also *Mannington Mills, Inc. v. Congoleum Corp.*, 595 F.2d 1287, 1298-99 (3d Cir. 1979); *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 908 (9th Cir. 2002), cert. denied, 537 U.S. 1171 (2003); *Int’l Café, S.A.L. v. Hard Rock Café Int’l (U.S.A.), Inc.*, 252 F.3d 1274, 1277-78 (11th Cir. 2001); *Yamaha Corp. of Am. v. United States*, 961 F.2d 245, 258-59 (D.C. Cir. 1992), cert. denied, 506 U.S. 1078 (1993); *In re Rath*, 402 F.3d 1207, 1211-12 (Fed. Cir. 2005); cf. *Ortman v. Stanray Corp.*, 371 F.2d 154, 157 (7th Cir. 1967).

Because the Paris Convention is implemented through the Lanham Act, Cubatabaco must be subject to the same “conditions and formalities” of Section 43(a) as required for U.S. citizens, including the threshold showing of ownership discussed above that Cubatabaco now concedes it cannot make. The provisions in the Lanham Act that implement the treaties reinforce this point. See, e.g., 15 U.S.C. § 1126(h) (“[T]he remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.”).²⁰

²⁰ Cubatabaco’s argument that it should be excused from the ownership requirement because such a requirement would create an embargo exception to the Paris Convention is nonsense. See Pet. at 27. Having failed to register in a timely fashion, Cubatabaco can hardly now argue for an exception to the Lanham Act permitting only embargoed entities to pursue infringement remedies without proving any indicia of ownership. Such a result would violate Article 4 of TRIPS (the “most favored nation” provision), which requires that “any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other

Certiorari is unwarranted because the courts of appeals agree that no independent rights beyond those in the Lanham Act are conferred by the Paris Convention, and the Second Circuit's Lanham Act holding is merely an application of settled law to the facts of this case, *see supra* Point I.

c. Finally, to the extent that the Paris Convention might supply a basis for cancellation and an injunction against all use even without a showing of ownership, that relief should only be available against a party who registered and used the mark in the U.S. in bad faith. The government has endorsed the Joint Recommendation Concerning the Protection of Well-Known Marks, which recommends that member states interpret the Convention to afford protection of famous marks that have not been used in the territory. Significantly, Article 3(2) of this recommendation, which was adopted in 1999 by the Paris Union and the World Intellectual Property Organization, provides that "bad faith may be considered as one factor among others" when resolving competing claims to priority. And, as noted, the Paris Convention is implemented through the Lanham Act, which also contains provisions suggesting that any such relief could only be granted to a foreign entity as against one acting in bad faith. Because the district court expressly found that General Cigar adopted, registered and used the COHIBA mark in good faith—a finding Cubatabaco never challenged on appeal—the Paris Convention would afford Cubatabaco no remedy here even if the Convention might otherwise have conferred relief to Cubatabaco if its mark had been famous in the U.S. at the relevant time.

CONCLUSION

For the reasons stated, the Petition should be denied.

Members." And TRIPS expressly authorizes exceptions based on national security, which plainly can include embargoes. *See supra* at 24.

Respectfully submitted,

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IN THE

Supreme Court of the United States

EMPRESA CUBANA DEL TABACO, d/b/a CUBATABACO,

Petitioner,

—v.—

GENERAL CIGAR CO., INC., and GENERAL CIGAR HOLDINGS, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE SECOND CIRCUIT

SUPPLEMENTAL BRIEF FOR PETITIONER

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Petitioner Empresa Cubana del Tabaco, d.b.a. Cubatabaco, respectfully submits this supplemental brief in response to the brief for the United States as *amicus curiae*, submitted at the Court's invitation.

I. The Issues Concerning the Protection of "Well-Known Marks" Are Worthy of Review

1. The United States agrees with petitioner that the court of appeals' decision is in error, both in its construction of section 43(a) of the Lanham Act and of the CACR. U.S. Brief, 6-7, 10, 11, 16. The United States has acknowledged that treaty obligations support petitioner's "well-known marks" claim, and that the Lanham Act can and should be construed consistent with those treaty obligations. Pet. 71a. Nowhere does the United States backtrack from its position in the court of appeals (Pet. 72a-73a) that Cubatabaco was entitled to the injunction and cancellation order granted by the district court. Nor does the United States express any disagreement with Cubatabaco that the court of appeals has placed the United States in violation of treaty obligations that remain in force with respect to Cuba. Pet. 71a.

Nonetheless, instead of joining petitioner in requesting that the Court review whether the court of appeals erred in failing to adjudicate this dispute in accordance with those treaty obligations, the United States asks the Court to deny certiorari. Critical to the Executive's position is its assertion that it has discretion under the CACR to grant a specific license to petitioner that would retroactively authorize petitioner's acquisition of the COHIBA trademark through operation of the well-known marks doctrine. U.S. Brief, 16 & n.4.¹ The United States does not advise that it *will* grant such a license, only that it could if it so chooses, and suggests that suffices to end any

¹ Such a license would remove any obstacle to the grant of relief to petitioner even under the Second Circuit's decision, and petitioner could move in the lower courts for relief on the basis of the OFAC license

concern with the Second Circuit's decision, or its international implications.

The United States' suggestion is at odds with the judiciary's independent responsibility to adjudicate disputes in accordance with treaty obligations. It is also at odds with the basic constitutional principle that treaties, once ratified by the Executive and the Senate, are the supreme law of the land, and not merely a policy choice changeable at the discretion of the Executive.

The court of appeals fundamentally erred in failing to decide petitioner's claims in accordance with Article 6*bis* of the Paris Convention and the *Charming Betsy* doctrine, and in failing to defer to the Executive's construction of the CACR. As the Executive itself has explained, the Lanham Act and Article 6*bis* are readily reconcilable, even in the absence of domestic trademark rights, and the CACR presents no impediment to the relief sought by Cubatabaco. The Court should grant review to affirm the judiciary's institutional responsibility to adjudicate disputes in accordance with treaty obligations, and to correct what both the United States and petitioner contend were the court of appeals' errors.

2. At the heart of this case is the treaty obligation created by the United States' ratification of Article 6*bis* of the Paris Convention, which, as the United States has recognized, requires the grant of relief to petitioner on the facts found by the district court. Article 6*bis* provides that the treaty countries undertake:

to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

Also at issue is Congress' adoption of the Agreement on Trade-Related Aspects of Intellectual Property (TRIPs) in 1994. TRIPs incorporates Article 6*bis* and makes it a WTO obligation. TRIPs also mandates most favored nation treatment, requiring that petitioner be afforded the same relief that would be afforded to the nationals of other countries on the same facts – that is, cancellation of General Cigar's registration, and an injunction against its use, of the COHIBA mark.

The Senate ratified the Paris Convention, and Congress adopted TRIPs, in order to secure reciprocal protection abroad for the intellectual property, including trademarks, of United States corporations. Tellingly, the United States nowhere denies that "the Second Circuit's decision adversely implicates the reciprocal protection of U.S.-owned trademarks in Cuba." Pet. 3. Cuba has permitted U.S. companies to register their marks, and hundreds of U.S. companies have registered over 5,000 trademarks there. See Pet. 6. In response to the Second Circuit's decision, Cuba has raised the issues of reciprocity and international obligations at the United Nations in strong terms. See Pet. Reply 2 & n.1. Nor, more generally, does the United States question that the Second Circuit's decision threatens the congressionally-mandated goal of strengthening the ability of U.S. corporations to insist upon treaty adherence abroad by citing United States adherence to its intellectual property treaty obligations.

Instead, the United States advises that the Executive, rather than this Court, should be concerned with the Second Circuit's placing the U.S. in violation of its treaty obligations. However, the Senate, in ratifying the Paris Convention, and Congress, in adopting TRIPs, did not entrust the goal of securing the reciprocal protection of U.S. trademarks abroad to the Executive's discretion, but committed the United States *by treaty* to protect foreign marks here in order to encourage the protection of U.S. marks abroad. Through the treaty and WTO agreement, U.S. obligations to foreign owners of intellectual property are determined by *law*, subject to judicial resolution and control, in accord with the constitutional scheme and doctrines such as the *Charming Betsy* doctrine.

Unlike many other foreign policy considerations, treaty adherence in the context of concrete disputes presented for judicial resolution is not left to Executive discretion based on the Executive's sense of the importance of protecting U.S. marks in certain countries; the Executive's endlessly shifting calculation of foreign relations priorities; the cross-currents of competing foreign policy goals; or the possible impact of domestic political considerations on particular Executive decisions. This case, which concerns Cuba, is particularly fraught with the possibility that the Executive will arrive at a discretionary decision that does not faithfully implement the legislative treaty commitment.²

It is of no moment whether or not Congress authorized the Executive to trump Article 6*bis*, or TRIPs, through the promulgation of embargo regulations pursuant to its TWEA authority. Here, the United States has advised that it did not do so, and has construed the CACR not to bar cancellation of respondents' registration, or an injunction against its use, of the COHIBA mark. This being so, the court of appeals' failure to enforce United States treaty obligations here was not only error, as the United States recognizes, but merits review by the Court.

3. The Second Circuit's decision is worthy of this Court's review because of its departure from fundamental principles of treaty adherence and deference, and because of its international implications, both for U.S.-Cuba trademark relations and for the protection of U.S. trademarks abroad generally. The United States does not deny that the decision below threatens to disrupt international trademark relations in important respects, or that such a threat would normally be worthy of this Court's attention. It only asserts that certiorari should not be granted

² This is not to say that the Executive's determination that a treaty is in effect, or its interpretation of a treaty's terms, or its view that Executive regulations do not interfere with treaty obligations are not entitled to judicial deference. As the Petition makes clear, all of these factors powerfully support the grant of certiorari here, and the United States makes no argument to the contrary.

because the Executive can choose, if it wishes, to defuse the Second Circuit decision. But this, for the reasons noted, is not grounds to deny review.

The United States spends a great deal of time arguing that the Second Circuit decision is not likely to affect many other foreign litigants in U.S. courts, given the unusual circumstances of this case. But this contention misses the point of why the decision is important, and does nothing to put into doubt the substantial international repercussions of the Second Circuit's decision. Cuba's most renowned product is cigars, and COHIBA is Cuba's most famous and prestigious cigar brand. Pet. 3. The Second Circuit has denied the Cuban COHIBA the protection required by the U.S.'s international obligations to Cuba. The court of appeals' decision opens the Pandora's box of national security and foreign policy exceptions to the international protection of intellectual property. Because the Second Circuit's decision is fraught with serious international implications, as well as doctrinal error, the Court should grant review.

4. Under the tripartite constitutional structure, when the Executive and Senate have adopted and ratified a treaty, the judiciary has an obligation, independent of the Executive's momentary views, to safeguard a party's rights as dictated by that treaty's terms. For instance, in *Zschernig v. Miller*, 389 U.S. 429 (1968), the Court looked past the United States' advice that an Oregon probate statute did *not* "unduly interfere[]" with the United States' conduct of foreign relations," *id.* at 434, and struck down the state statute as inconsistent with a treaty providing reciprocal rights of inheritance.

The Court recognized that more than the Executive's transient position about the immediate importance of a particular foreign policy issue was at stake. Instead, the dispute implicated the fundamental, structural question of how courts must approach questions touching upon foreign affairs and treaty relations. As Justice Stewart pointed out in his concurrence, the position of the United States on whether the issue is important (in contrast to its position on the construction of a treaty's text) "is not the point. We deal here with the basic

allocation of power.... Resolution of so fundamental a constitutional issue cannot vary from day to day with the shifting winds at the State Department." *Id.* at 443 (Stewart, J., concurring, with Brennan, J.). In *First National City Bank v. Banco Nacional de Cuba*, 406 U.S. 759 (1972), Justice Brennan, in dissent, explicitly applied this principle to "the basic division of functions between the Executive and the Judicial Branches." *Id.* at 792-93 (Brennan, J., dissenting, with Stewart, Marshall and Blackmun). (Justice Douglas, *id.* at 772, took a similar position in his opinion concurring in the result.)

The United States does not dispute that the Second Circuit's ruling was in error, or that it creates problems of reciprocity and treaty compliance. Rather, the Executive asserts only that these problems are manageable and within its discretion, and, therefore, unworthy of the Court's attention. The momentary importance of the issue to any particular administration, however, is not "the point." *Zschernig*, 389 U.S. at 443 (Stewart, J., concurring).

II. The Issues Under the Well-Known Marks Doctrine are Squarely Presented

To bolster its position that – despite the court of appeals' erroneous construction of the CACR and section 43(a) – this case is not worthy of review, the United States repeatedly suggests that petitioner's section 43(a) claim (that is, its claim based on confusion as to source, as distinct from an infringement claim based on trademark ownership) is not squarely presented, and even that this is Cubatabaco's fault. Both suggestions are wrong and should not distract the Court.

First, putting aside the section 43(a) question, the court of appeals also rejected Cubatabaco's independent section 44/Article 6*bis* claim for protection of its well-known foreign mark. As the United States recognizes, Article 6*bis* does not require ownership of a United States trademark, only a famous foreign mark. Pet. 71a-72a. The United States nowhere disputes that the court below, in its section 44/Article 6*bis* holding, explicitly rejected the Executive's construction of the

CACR, and denied Cubatabaco Article 6*bis* protection solely on the ground that petitioner is a Cuban national, while explicitly holding out the possibility of Article 6*bis* relief for non-embargoed nationals under section 44. Pet. 37a-38a. Nor does the United States argue that petitioner is wrong that this holding places the U.S. in violation of its treaty obligations; violates TRIPs' most favored nation and national treatment obligations, *see* TRIPs, Art. 2, 4; *see also* Paris Convention, Art. 2, and effectively destroys the reciprocity essential to U.S.-Cuban intellectual property relations. Thus, the petition squarely presents important issues independent of Cubatabaco's section 43(a) claim.

With respect to Cubatabaco's section 43(a) claim, the United States does not deny that the court below expressly considered that claim, and rejected it based on its holding that the Executive's construction of the CACR was wrong. Pet. 30a-32a. The court of appeals properly acknowledged that if it was going to address General Cigar's CACR argument, raised for the first time on appeal after seven years of litigation, then, as a matter of fundamental fairness, it must also address Cubatabaco's response. Pet. 31a. As the court of appeals recognized, had General Cigar timely raised the issue in the district court, Cubatabaco could have readily addressed any asserted deficiencies in its pleadings. *Id.*; *see* Fed. R. Civ. P. 15(b). Because the argument was properly entertained and decided on the merits by the court of appeals, it is properly presented here. *Owasso Ind. School Dist. v. Falvo*, 534 U.S. 426, 431 (2002); *Bragdon v. Abbott*, 524 U.S. 624, 638 (1998).

Further, Cubatabaco pled, consistent with notice pleading, that it was entitled to relief because its mark was well known and famous prior to General Cigar's adoption of the mark in late 1992. On summary judgment, the district court made clear that the issues to be tried were likelihood of confusion and "whether the Cuban COHIBA was so famous that its reputation [was] known in the United States." Pet. 251a (internal quotations omitted). No fact or legal question would have been different at trial under a section 43(a)(1)(A) claim for "trademark

infringement” or a section 43(a)(1)(A) confusion as to source claim.

The United States suggests that Cubatabaco should have anticipated, in the district court, General Cigar’s CACR argument that was never raised until appeal. In this view, Cubatabaco had an obligation to plead that if the CACR prevented acquisition of U.S. trademark rights, by operation of law through the well-known marks doctrine, it could still prevail under section 43(a) without a trademark. This unprecedented position, however, would work a radical transformation of the rules of pleading, including defendants’ obligation timely to assert affirmative defenses.

Notably, the United States never made this argument to the court below. Indeed, it urged precisely the opposite: that the court should adopt the United States’ interpretation of section 43(a) and affirm the district court’s grant of cancellation and injunctive relief on that basis. Pet. 71a; *id.* 68a-73a.

The United States also suggests, *erroneously*, that Cubatabaco voluntarily dismissed any confusion-as-to-source section 43(a) claims not based on trademark ownership. U.S. Brief at 4 (erroneously characterizing dismissed section 43(a) claims as “false representation of source of origin and deceptive advertising”); *id.* at 7. In fact, the four dismissed claims were *solely* addressed to General Cigar’s representation that its goods were made from “Cuban seed,” in violation of prohibitions against false or deceptive *geographic* origin, brought under TRIPs, the Paris Convention and for false advertising under section 43(a)(1)(B). None of the dismissed claims were *confusion as to source* section 43(a)(1)(A) claims. In sharp contrast, the treaty and sections 43(a) and 44 well-known marks claims originally pled, and the section 43(a)(1)(A) claim advocated by the United States and Cubatabaco and expressly decided below, are all claims requiring a showing of confusion as to source. Thus, dismissal of the four “Cuban seed” non-confusion *geographic* origin claims cannot obscure the fact that the court below expressly addressed and rejected Cubatabaco’s non-trademark confusion as to source claims.